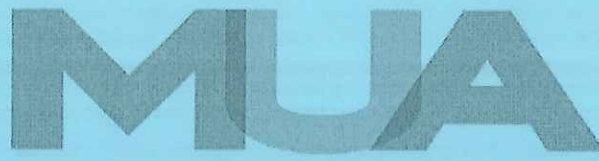


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**UNDERGRADUATE UNIVERSITY EXAMINATIONS**  
**SCHOOL OF MANAGEMENT AND LEADERSHIP**  
**DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP**

**PSM 400 :   LEGAL ASPECT IN PROCUREMENT**

**DATE:           3<sup>RD</sup> APRIL 2018**

**DURATION:   2 HOURS**

**MAXIMUM MARKS: 70**

**INSTRUCTIONS:**

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

**QUESTION ONE**

**Read the Case Study below carefully and answer the questions that follow:**

Purchasing managers are general agents more than they are as employees. Purchasing managers are always agents of employer. Purchasing manager has contracts authority to enter into contract, written or oral on behalf of principal/employer and enforceable agreements. As such a purchasing manager is an agent for the company. The extent of an agent's power to act on behalf of principal/employer is that authority. And those companies or persons with whom the agent deals as are representatives of the principal are third parties.

**Required**

- a) Purchasing managers are always agents of employer. Outline and explain the various relationships of agency and principal relationship **(9 marks)**
- b) Agency relationship can be created in several ways;
  - i. Express authority **(4 marks)**
  - ii. Direct authority **(4 marks)**
  - iii. Implied authority **(4 marks)**
  - iv. Direct authority **(4 marks)**

**QUESTION TWO**

- a) Explain the functions of law as applicable in procurement **(10marks)**
- b) Discuss on the sources of law **(5marks)**

**QUESTION THREE**

Discuss the stages of tendering processes in procurement of goods and services  
**(15marks)**



#### QUESTION FOUR

- a) Enumerate the duties of agent and various methods by which the authority of agent is terminated (10 marks)
- b) In the view of shortcomings noted in the Management of Public Procurements in Kenya it was found necessary to have a law to govern the procurement system in the public sector. Discuss on the objectives and challenges of the PPDA Act 2005. (5marks)

#### QUESTION FIVE

- a) Explain why a 'delivery note' is a very significant 'form' in the 'battle of the forms'. (10 marks)
- b) Describe TWO ways in which a buying organization might attempt to avoid entering into the 'battle of the forms'. (5 marks)

#### QUESTION SIX

- a) There are a number of types of Alternative Dispute Resolution ADR. Some of the most common Alternative Dispute Resolution (ADR) refers to methods of resolving disputes which do not involve going to court before a judge. Discuss on the various dispute settlement techniques. (10marks)
- b) Outline Methods of contract discharge in contract management. (5 marks)

